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NATIONAL INTELLIGENCE DAILY CABLE

Thursday December 2, 1976      CI NIDC 76-281C



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National Intelligence Daily Cable for Thursday, December 2, 1976.

The NID Cable is for the purpose of informing senior US officials.

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MEXICO: Presidential Inaugural Speech

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[ ] Mexican President Lopez Portillo, sworn into office yesterday, devoted most of his inaugural address to economic policy, outlining measures needed to restore confidence in the government. In a moderate and businesslike way he indicated that he plans an orderly shift away from the expansionary fiscal policies of his predecessor.

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[ ] On Tuesday, outgoing president Echeverria used his last full day in office to polish his populist image. He gave peasants titles to 445,000 hectares of land that had been expropriated in past years, and ordered a new expropriation of some 3,500 hectares to be split up into small plots for peasants' homes.

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[ ] In his inaugural speech, Lopez Portillo said that the crisis in confidence was a danger to the economic and political future of the country. He warned that continued economic disorder could cause domestic strife that would have to be dealt with by force. He said a period of austerity will be necessary, including import controls and cuts in government spending.

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[ ] The new President made clear that he viewed land distribution as the wrong way to solve the urgent rural problem because peasants cannot produce efficiently on small parcels of land. These sentiments, in direct conflict with the expropriations carried out by Echeverria, will be received well by conservatives, but will not assuage those landowners already affected by Echeverria's actions.

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[ ] Lopez Portillo will be under pressure to revoke the expropriations, although any effort to reverse Echeverria's actions would risk a peasant uprising.

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[ ] Lopez Portillo's cabinet is composed of close associates with strong administrative records rather than well-known political figures, indicating that he will emphasize administrative efficiency rather than the political rhetoric that characterized Echeverria's years. [ ]

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RHODESIA: Guerrilla Delegation

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[ ] A black Rhodesian nationalist delegation from the Zimbabwe Peoples' Army will join the talks at Geneva today. Despite the organization's initial assertion that its delegation would be an independent group at the conference, the delegates have now indicated that they will "strengthen" Robert Mugabe's group, the militant faction of the Zimbabwe African National Union.

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[ ] The delegation includes senior military commander Josiah Tongogara and other representatives of the guerrillas who were part of Mugabe's delegation during the first week of the talks.

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[ ] The Peoples' Army has been harshly critical of the Geneva conference, and its leaders have taken a hard line on settlement terms. The presence of the military leaders at the conference, therefore, seems likely to complicate efforts to reach an agreement.

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USSR: Yakubovsky Posts Vacant

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[ ] //The Soviet leadership will probably not allow the posts of first deputy minister of defense and commander in chief of the Warsaw Pact armed forces to remain vacant for very long.//

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[ ] //Marshal Yakubovsky, holder of those posts, whose death was announced yesterday, had been ill for some time. The Soviet leadership may have already decided on his successor at the time they appointed General Gribkov as chief of staff and first deputy commander of the Warsaw Pact forces. No announcement is likely until after Yakubovsky's funeral; one may be made when the Warsaw Pact defense ministers meet in Bulgaria next week.//

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[ ] //The new Warsaw Pact commander in chief will almost certainly be a Soviet military officer, despite occasional Romania complaints about Soviet domination of the Warsaw Pact command structure. Like Yakubovsky, the new commander will also become one of three first deputies under Soviet Minister of Defense Ustinov. The others are Chief of the Soviet General Staff Kulikov, and General Sokolov, who appears to have broad managerial responsibilities at the ministry itself.//

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[ ] //In the event of war, the Warsaw Pact commander would hold the highest field command position in the Soviet armed forces and would receive his orders from the Supreme High Command through the General Staff.//

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[ ] //In peacetime, the Warsaw Pact commander, in his role as first deputy, usually fills in for the Soviet minister of defense when the latter is absent. On a day-to-day basis, however, the chief of the General Staff may play a more important role in deciding policy matters or advising Minister of Defense Ustinov on various issues.//

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[ ] //The Warsaw Pact commander is away from Moscow much of the time, visiting the forces under his command in Eastern Europe or engaging in public relations activities that keep him in the limelight but away from meetings on important defense questions.//

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[ ] //Any one of several high-ranking Soviet military leaders could be in the running for Yakubovsky's post, but the name mentioned most frequently [ ] is General Ogarkov. He is a deputy minister of defense, and we believe he may be working on systems analysis of Soviet defense needs.//

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[ ] //Ogarkov has recently been seen with Minister of Defense Ustinov on several occasions, and we assume he advises Ustinov on day-to-day matters. Ogarkov may in fact be needed too much in his present post to be reassigned just now.//

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[ ] //Kulikov is another possibility. His appointment would formally be a move upward for him, but it would remove him somewhat from the center of decision making on defense matters. It would put him in a position where he could make less trouble for Ustinov, with whom [ ]

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[ ] he has been at odds.//

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[redacted] //Such a move could be interpreted as preparation for the defense minister's job in the event that post is returned to a professional officer after Ustinov leaves. It might also enable Ustinov to move Ogarkov, a former first deputy chief of the General Staff, into Kulikov's present position, where he would be more closely involved with the defense minister and all aspects of military planning.//

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[redacted] //Other candidates for the top post in the Warsaw Pact command include generals Ivanovsky, commander of the Soviet Forces in Germany; and Petrov, first deputy commander of the Soviet ground forces.

[redacted]

[redacted]

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LIBYA-USSR: Qadhafi to Soviet Union

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[redacted] Libyan President Qadhafi will visit the USSR this month.

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[redacted] In the hopes of increasing their influence in Libya, the Soviets would probably be willing to provide Libya with some additional military equipment on a cash basis, despite the fact that the Libyans have no real need for more hardware even if their armed forces are expanded as planned. Libya already has more military equipment than its armed forces can absorb, [redacted]

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[redacted] We estimate the value of all the equipment delivered and yet to come to be about \$730 million.//

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[redacted]

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[redacted] Qadhafi pushed through a recent "people's congress" in Tripoli a resolution that gave unusually high praise to the Soviets' "historic friendship" with Libya and noted that such ties must be strengthened to serve the cause of development in Libya.

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[redacted] Rumors circulating in Tripoli that Libya and the USSR will sign a friendship treaty during Qadhafi's visit are probably unfounded. Although Qadhafi has recently been moving

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toward warmer ties with the USSR, he remains deeply suspicious of the Soviets and is unlikely to commit himself to the tangible and symbolic ties that a friendship treaty implies.

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[ ] Qadhafi has consistently refused to grant the Soviets base rights in Libya or even permission for naval visits, and Soviet military advisers have not been allowed to work with Libyan ground units.

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[ ] The Soviets, for their part, would no doubt be particularly wary of concluding a treaty with Libya. An alliance with Qadhafi would not improve Soviet stature among the Arab states, although it would cause deep concern in Egypt.

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[ ] The Soviets know Qadhafi's erratic nature, moreover, and they would be hesitant, after the embarrassment of Egypt's abrogation early this year of its friendship treaty with the USSR, to run the high risk of having another treaty annulled.

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## CHILE-PERU-BOLIVIA: Corridor to the Sea

25X1 [ ] Chile's blunt rejection of a Peruvian formula for providing Bolivia with a corridor to the sea seems to set the stage for a deadlock that could get the US involved in the long-festering dispute.

25X1 [ ] Chile had earlier offered to grant Bolivia exclusive sovereignty in a corridor on the Chilean side of the present Chile-Peru border. The Peruvian counterformula called for tripartite control in part of the corridor.

25X1 [ ] Chile asserts that the Peruvian initiative represents "a clear and manifest modification" of Chilean sovereignty as established by a 1929 treaty. Chile argues that Peru's prerogatives under the treaty are limited to approving or rejecting Chilean plans involving disposition of the territory, which Chile conquered from Peru about a century ago.

25X1 [ ] If the two sides are unable to come to terms, the US may become involved under a provision of the 1929 treaty that refers any dispute over interpretation of the treaty to the US president.

25X1 [ ] Peruvian Foreign Minister de la Puente announced last week, before Chile's rejection, that if Chile and Bolivia rejected Peru's counterproposal, the situation would return to "point zero." An official response to Chile on November 26, however, implied that Peru is still willing to talk.

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